

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Meeting Minutes**  
**December 15, 2021**

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The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (the “BFSA” or the “Authority”) held on Wednesday, December 15, 2021. The Board met in compliance with New York State Open Meeting Laws, as amended. The meeting was called to order at 1:06 P.M.

**Board Members Present**

Interim Vice-Chair Jeanette Jurasek  
Secretary Frederick G. Floss  
Director Andrew A. SanFilippo  
Mayor Byron W. Brown (proxy Estrich)  
County Executive Mark C. Poloncarz (proxy Swanekamp)

**Board Members Excused**

Chair R. Nils Olsen, Jr.

**Staff Present**

Executive Director Jeanette M. Robe  
Principal Analyst/Media Liaison Bryce E. Link  
Senior Analyst II/Manager of Technology Nathan D. Miller  
Administrative Assistant Nikita M. Fortune  
Comptroller Claire A. Waldron

**Additionally Present**

Richard A. Grimm, III, Esq., Magavern Magavern & Grimm LLP  
Dr. Kriner Cash, Superintendent, Buffalo City School District  
Geoffrey F. Pritchard, CPA, Chief Financial Officer, Buffalo City School District

**Opening Remarks**

Chair Pro Tempore Floss welcomed everyone to the December board meeting. He reviewed the meeting agenda which included a review of the Buffalo City School District’s (“BCSD” or “District”) federal stimulus spending plan. Also considered were items reviewed and recommended for approval by the Governance Committee.

**Roll Call of the Directors**

Executive Director Jeanette M. Robe called the roll. A quorum being present, the meeting commenced.

Erie County Deputy Budget Director Benjamin Swanekamp represented Erie County Executive Mark C. Poloncarz in accordance with Subdivision 1 of §3853 of the BFSA Act.

City of Buffalo Commissioner of Finance, Administration, Policy, and Urban Affairs Donna Estrich represented City of Buffalo Mayor Byron W. Brown in accordance with Subdivision 1 of §3853 of the BFSA Act.

Subdivision 1 of §3853 of the BFSA Act reads: "...The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City or County, shall be entitled to designate a single representative to attend, in [their] place, meetings of the Authority and to vote or otherwise act in [their] behalf. Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the single designee...."

### **Approval of Minutes**

Chair Pro Tempore Floss introduced Resolution No. 21-25, "Approving Minutes and Resolutions from September 27, 2021."

Director SanFilippo made a motion to approve.

Interim Vice-Chair Jurasek seconded the motion.

The Board voted 5-0 to approve Resolution No. 21-25.

### **BFSA Items**

Chair Pro Tempore Floss advanced the agenda and stated the Governance Committee met earlier in the day and recommended the approval of the following items:

1. 2022 BFSA Board Meeting Calendar
2. 2022-23 Minority and Women-Owned Business Enterprise ("MWBE") Goal Plan
3. 2022-23 Service-Disabled Veteran-Owned Business Development ("SDVOB") Goal Plan

Mayor Brown Made a Motion to approve Resolution No. 21-26, "Adoption of a BFSA Board of Director Regular Meeting Schedule for Calendar Year 2022."

County Executive Poloncarz seconded the motion.

The Board voted 5-0 to approve.

Director SanFilippo made a motion to approve Resolution No. 21-27, "Approval of 2022-23 MWBE Master Goal Plan."

Interim Vice-Chair Jurasek seconded the motion.

The Board voted 5-0 to approve.

County Executive Poloncarz made a motion to approve Resolution No. 21-28, "Approval of the 2022-23 SDVOB Master Goal Plan."

Director SanFilippo seconded the motion.

The Board voted 5-0 to approve.

Chair Pro Tempore Floss thanked the BFSA staff for meeting the agency's MWBE and SDVOB spending goals as reported during the Governance Committee meeting.

### **Buffalo City School District**

*Audited BCSD Financial Statements for the Fiscal Year ("FY") ended June 30, 2021*

Chair Pro Tempore Floss advanced the agenda for BFSA Senior Analyst Nathan D. Miller to review the District's audited financial statements as submitted.

Senior Analyst Miller gave the following overview:

- Final budgeted revenues and operating transfers in were \$904.7M which included the appropriation of \$53.7M in fund balance
- Final budgeted expenditures and other uses were \$958.4M
- Actual revenues were 101.3% of budgeted revenues; \$12.2M greater than budget
  - Significant variances include:
    - Local Sources: \$10.8M
      - Miscellaneous Local Sources: \$0.4M
      - Erie County Sales Tax: \$10.4M
    - Federal Aid: (\$2.6M)
      - Federal Coronavirus Aid, Relief, and Economic Security Act ("CARES") revenue was (\$1.8M) as amounts anticipated to be spent in FY 2020-21 are now projected to be spent in FY 2021-22
      - Federal Medicare was (\$0.8M) due to reduced services provided
    - Operating Transfers In: \$3.9M
      - Reversal of \$5.2M transfer to Special Aid Fund
- Actual expenditures were 90.8% of budgeted expenditures; \$88.2M less than budget
  - Significant variances included:
    - Pupil Transportation: (\$35.5M)
    - Instruction – Regular School: (\$26.3M)
      - Teaching – Regular School: (\$3.1M)
      - Programs for Children with Handicapping Conditions: (\$7.9M)
      - Programs for English Language Learners: (\$4.0M)
      - Pupil Services: (\$4.1M)
    - Employee Benefits: (\$14.6M)
      - Active & Retiree Healthcare (\$8.5M)
    - General Support: (\$9.1M)
      - Central Services: (\$4.3M)

Senior Analyst Miller stated total fund balance for fiscal year-end (“FYE”) 2021 was \$312.7M, an increase of \$46.7M resulting from the surplus reported at year-end.

- Assigned fund balance had three categories of notable change:
  - Subsequent year’s expenditures reflected a decrease of \$21.0M as less fund balance is projected to be needed to balance the 2022-23 budget
  - Fund balance set aside for other post-employment benefits (“OPEB”) has increased by \$20.0M to a total of \$69.1M
  - American Rescue Plan Act (“ARPA”) Continuation – this represents a new assigned fund balance category which did not exist prior to FYE 2021 and totals \$30.0M

OPEB payments are budgeted annually without accrual and are paid on an as-you-go basis. At FYE 2021, the actuarially accrued liability (“AAL”) totaled \$2,485.5M, a decrease of \$128.4M as compare to FYE 2020.

Interim Vice-Chair Jurasek asked for clarification on the fund balance assigned for American Rescue Plan Continuation. Senior Analyst Miller stated that \$30.0M of fund balance has been assigned to continue programs that begin with the ESSER-II and ESSER-III funding. County Executive Poloncarz (Swanekamp) asked for the federal deadline for expenditures of ARPA relief. Senior Analyst Miller replied the deadlines vary with ESSER II expiring September 30, 2023 and ESSER III expiring September 30, 2024.

Interim Vice-Chair Jurasek asked whether the fund balance assigned to continue ARPA programs came from local, state, or federal sources. Senior Analyst Miller stated the category is District funding, reserves the District has on hand. Mayor Brown (Estrich) asked if the programs have already begun. Senior Analyst Miller responded in the affirmative.

Chair Pro Tempore Floss asked how the FYE 2021 financial results were affected by the influx of federal stimulus funding and how will forecasting be possible going forward. Senior Analyst Miller stated the FYE 2021 financial results would have been radically different as the final budget had a \$50M deficit along with the possibility that New York state aid could be significantly reduced mid-year. The passage of the Coronavirus Response and Relief Supplemental Act of 2021 (“CRRSA”) and the ARPA of 2021 provided a significant amount of federal funding to state and local governments. Discussion continued with how the District will be able to forecast going forward considering the influx of federal funds.

District Chief Financial Officer (“CFO”) Geoffrey Pritchard addressed the board and explained that the ARPA funding is for three years. The District has a draft five-year plan that would include the usage of General Fund fund balance to continue federally-funded programs. Some of the indirect cost revenue generated by the General Fund, approximately 8% of the total grant, will be set aside to continue programs in years four and five. The specific programs have not been identified. ARPA funding is separate and apart from the General Fund. The only federal funding from the prior year was \$29.0M in CARES funding to offset a New York State Aid reduction. The expectation is that foundation aid between \$80M and \$100M will be phased in over the next three years. The General Fund is designed around recurring revenues and expenditures. The reason for such a large surplus over the last two fiscal years was due to

decreased spending. Forecasting will be based on pre-pandemic spending levels.

Director SanFilippo asked for the components of the restricted fund balance. CFO Pritchard replied it is comprised of a stabilization reserve, unemployment reserve and a reserve for legal claims and property loss.

An open discussion continued regarding ARPA funding and the General Fund.

Chair Pro Tempore Floss advanced the agenda to review the District's FY 2021-22 first quarter.

#### BCSD First Quarter FY 2021-22

Senior Analyst Miller began his review with the following highlights:

- July 21, 2021 - Buffalo Board of Education approved a budget amendment to increase the Charter School Tuition expenditure line by \$8.8M (Note: no change in the overall 2021-22 General Fund budget of \$972.5M)
  - March 31, 2021 - the Board of Education voted to close Enterprise Charter School and Westminster Community Charter School at the conclusion of the 2020-21 year
  - June 25, 2021 - the New York State Supreme Court granted a preliminary injunction that kept Enterprise Charter School and Westminster Community Charter School open for the 2021-22 school year
    - The Reserve for Contingency expenditure line was reduced by \$5.4M
    - Various Employee Compensation and Benefits were additionally reduced by \$3.4M
- September 8, 2021 - the District began its first day of classes with full, in-person learning
- October 20, 2021 - the Buffalo Board of Education received/reviewed its audited FYE 2020-21 Financial Statements
  - General Fund - FYE 2020-21 concluded with a \$100.4M budgetary surplus and an actual surplus of \$46.7M
  - Food Service Fund - FYE 2020-21 concluded with an \$16.4M budgetary surplus and an actual surplus of \$11.4M
- The Buffalo Board of Education approved six labor agreements since the FY 2021-22 budget was adopted current fiscal year ("CFY") General Fund impact estimated at \$6.7M
  - Buffalo Educational Support Team ("BEST" or teaching aides/teacher assistants) ratified 6/23/2021
  - Buffalo Association of Substitute Administrators (substitute administrators) ratified 8/18/2021
  - Transportation Aides of Buffalo ("TAB" or bus aides) ratified 8/18/2021
  - Local 264 Service Center Employees (blue-collar employees) ratified 10/20/2021
  - Local 264 Food Service Workers (food service helpers and cooks - funded exclusively through food service) ratified 10/20/2021
  - Substitutes United of Buffalo (substitute teachers) ratified 11/17/2021

The District has a labor shortage in the following critical areas:

- Transportation
  - Bus Drivers (First Student employees) - The District's contracted yellow bus provider is currently short 100-120 bus drivers
  - TAB - The District has condensed many bus runs with approximately 50% of budgeted positions vacant
- Instruction
  - Buffalo Teachers' Federation ("BTF")
    - The vacancy rate was 4%, or 152 full-time equivalents ("FTEs")
  - Substitute Teachers of Buffalo
    - The vacancy rate is estimated at 11%, or 53 part-time equivalents ("PTEs")
  - Buffalo Educational Support Team
    - The vacancy rate was 13.5%, or 127 PTEs
- Food Service Program
  - Local 264 Food Service Workers
    - The vacancy rate is estimated at 12.5%, or 56 PTEs

Director SanFilippo asked if unfilled positions for substitute teachers included special needs teaching positions. Superintendent Cash responded that special needs teachers are not scoped in with the substitute teacher vacancy count.

Chair Pro Tempore Floss gave the floor to CFO Pritchard to give his presentation on the District's ARPA/ESSER update which is located on the District's webpage. A monthly report will be shared with the Board of Education to monitor and project ARPA/ESSER spending.

Superintendent Cash provided high-level comments on the District's spending plans which were approved on a state and federal level.

Chair Pro Tempore Floss asked how the plan relates to higher education and how the mental health of students was being addressed. Superintendent Cash acknowledged the importance of mental health support for students and staff. The District is taking a restorative approach as opposed to a punitive one. Chair Pro Tempore Floss offered assistance in bridging the gap and to help the District work collaboratively with higher education entities.

Director SanFilippo asked how the District monitors and accounts for the charter schools' alignment with BCSD goals. CFO Pritchard stated charter schools directly receive federal Title 1 funding in addition to any ARPA funds. Charter schools have their own decision-making bodies and therefore spend funds as the respective boards see fit; charter schools do not have to conform to the District's plan. Superintendent Cash welcomes collaborating with all charter schools for the benefit of the City's 41,000 student population.

Interim Vice-Chair Jurasek asked for clarification on how the District plans to continue the enhanced programing established through the additional federal funding. Superintendent Cash stated some programs will not be continued, grant modifications will be made, and the forecasting five-years out will help to sustain the best programs.

Chair Pro Tem Floss thanked Superintendent Cash for attending the meeting and provided the following comments for the official record prior to Dr. Cash's departure:

There are two separate items that I want to address.

First,

A modified financial plan was originally required by BFSA this past June after we reviewed the first labor contract and found that the financial plan was no longer consistent with expected District expenditures. Superintendent Cash requested an extension to provide a modified plan until the end of November, which we accommodated, noting among other things that they would have a better handle on the federal stimulus dollars available to the District as well as the expectation that more labor agreements would be settled. As noted, five labor agreements were subsequently ratified by the Buffalo Board of Education.

The 2022-2025 Modified Financial Plan includes costs associated with a labor contract that we have not reviewed, which is the Substitutes United of Buffalo representing the Substitute Teachers. We furthermore will not be reviewing this contract as it was previously ratified by the Board of Education on November 17th.

Prior to the Board of Education acting on this item, a letter was sent to Dr. Cash indicating “ (QUOTE) the approval of this contract without the opportunity to receive and consider BFSA's comments circumvents the intent of the State legislation requiring the independent oversight of all labor contracts (END QUOTE)”.

I emphatically agree with this statement. The review of labor contracts is integral to the financial oversight process to be conducted by BFSA.

The second item I want to address is the Superintendent's proposed salary increases for cabinet level and exempt employees.

The annual costs for the salary increases are approximately \$600,000, excluding increases for fringe benefits. The modified financial plan does not provide for increased salaries for this group of employees. I am concerned that the District continues to reach agreements without a complete financial analysis being conducted as to how increased labor costs will be paid in the future. These costs extend much further than the four-year window that we look at.

The multi-year financial planning process represents the core of BFSA's financial oversight. To supplement that process, BFSA is required to review labor contracts to be entered into.

As a result, the BFSA draft Board Resolution includes a provision that if the Buffalo Board of Education approves the salary increases for the exempt employees, the District is to submit a funding plan and/or modified plan within 10 days of approval.

Secondly, I would like to direct the Executive Director to submit a letter to the Superintendent requesting the District provide a written understanding and/or position as it relates to the BFSA Act and why they believe it doesn't apply to the District as it relates to the review of labor contracts.

Superintendent Cash replied that the District has been critically short regarding substitute staffing and the contract was necessary to fill vacancies and should be viewed as an outlier and not the norm. With respect to the proposed salary increases for the thirty-three exempt cabinet and non-cabinet employees, Superintendent Cash stated the increases are necessary to retain the District's top talent and hopes the proposal begins a dialogue during such a difficult labor market. Cash thanked the Board for their time and exited the meeting.

Chair Pro Tempore Floss asked Senior Analyst Miller to continue his presentation on the District's first quarter. Senior Analyst Miller stated the BCSD's projected General Fund revenues for FYE 2021-22 to total \$944.0M, a positive variance of \$0.5M over the FY 2021-22 adopted budget. The projected General Fund expenditures for FYE 2021-22 total \$953.0M, a positive variance of \$19.5M as compared to the FY 2021-22 Modified budget. A decrease in transportation expenditures of \$15.0M accounts for much of the savings. CFO Pritchard stated the transportation projections are based on the remainder of the year and a clearer picture will be available in January 2022, at the midpoint of the school year.

### Summary

- November 23, 2021 - the District submitted a FY 2022-2025 Modified Financial Plan
- March 12, 2021 – A cyberattack disrupted District operations
  - The District incurred approximately \$9.4M in costs to restore system operability, investigate, and install the necessary safeguards to minimize future exposures
- Overall, the District's year-end projections are conservatively made with final operating results expected to exceed the current projections

Hearing no questions or comments Chair Pro Tempore Floss advanced the agenda.

### *Review of Modified 2022-2025 Financial Plan*

Senior Analyst Miller provided the following background information:

- April 21, 2021 – Board of Education adopted the FY 2022-2025 Financial Plan
- May 19, 2021 - Buffalo Board of Education adopted the FY 2021-22 Budget
- June 23, 2021 through November 17, 2021 - Buffalo Board of Education ratified six labor agreements:
  - Buffalo Educational Support Team
  - Buffalo Association of Substitute Administrators
  - Transportation Aides of Buffalo
  - Local 264 Service Center employees
    - Local 264 Food Service workers
      - Food Service Fund only impact
  - Substitutes United for Buffalo
- June 19, 2021 – The BFSA Board of Directors required the submission of a modified financial plan to solidify the funding plan for BEST's new labor contract
- August 12, 2021 - BFSA reviewed and approved the Superintendent's request to extend the deadline for a modified financial plan to November 30, 2021
  - The modified financial plan was further required to be adjusted as necessary for the incremental costs associated with the BEST, BASA, TAB, Local 264 (blue collar) and Local 264 (food service)



- November 23, 2021 - District submitted a proposed FY 2022-2025 Modified Financial Plan
- December 15, 2021 - The Board of Education is scheduled to review and consider its approval of the proposed FY 2022-2025 Modified Financial Plan

The modified financial plan included:

- FY 2021-22 budgetary transfers sufficient to address the current fiscal year (“CFY”) net impact of the six labor agreements
- Revised employee compensation and benefit expenditures as necessary to fund FY 2022-23 through FY 2024-25 (out-year) net costs of the labor agreements
- Revised revenue and expenditure projections based on more current data, particularly within FY 2021-22 and FY 2022-23

Status of Expired Labor Agreements:

- Buffalo Teachers’ Federation
  - Expiration: June 30, 2019
  - Budgeted FTEs – 3,281 (Modified Budget - General Fund)
  - Average FY 2021-22 compensation and benefits = \$99,689
- Buffalo Council of Administrators and Supervisors
  - Expiration: September 1, 2020
  - Budgeted FTEs – 230 (Modified Budget - General Fund)
  - Average FY 2021-22 compensation and benefits = \$146,092
- Local 409 Engineers
  - Expiration June 30, 2010
  - Budgeted FTEs– 56 (Modified Budget - General Fund)
  - Average FY 2021-22 compensation and benefits = \$115,301

Executive Director Robe provided the overview of the summary and advisory comments related to BFSA’s review of the modified financial plan.

Overall BFSA staff concludes the District’s Modified Financial Plan as reviewed today is balanced. It incorporates the costs of the six labor agreements settled since this past June and revises other projections as appropriate. The impact on the District’s modified 2021-22 budget is to reduce the temporary budget gap from \$29.0 million to \$9.0 million. This budget gap continues to be timing related of when transportation revenue is received and when it will be paid out. The impact of the recent labor contracts is visible in that an operating deficit exists in 2 of the 3 years. On a cumulative basis, over the entire 4 years, the plan essentially balances with a \$400,000 budget gap which is very small compared to the total planned spending over this time period. Significantly, the District is out of contract with two of its largest unions being the Teachers and Administrators. Presumably, settling these contracts will increase compensation and fringe benefits substantially and would likely require the use of fund balance which is a nonrecurring funding source. The impact on current and future years from the negotiation of labor and employment contracts should be fully evaluated and considered during negotiations and the approval process should include a thorough review of this evaluation.

Hearing no questions or comments Chair Pro Tempore Floss requested a motion to approve RES NO. 2021-29, “Determination with Respect to City of Buffalo Modified 2022-2025 Four-Year Financial Plan,” noting the review is provisional based on the Board of Education’s actions at their board meeting on December 15, 2021, or in the near future. Additionally, in the event of the Board passing the Superintendent’s proposal to increase exempt personnel raises, the District must submit the funding plan to the BFSA within ten days. Interim Vice-Chair Jurasek made the motion as requested.

Mayor Brown (Estrich) seconded the motion.

Hearing no additional discussion, the Board voted 5 to 0 to approve the resolution.

Chair Pro Tempore Floss thanked CFO Pritchard for attending the meeting and asked if he had any additional comments regarding the District’s use of federal ARPA funding. Mr. Pritchard had no additional comments and offered to answer any additional questions the Board may have. An open dialogue ensued regarding direct costs, indirect costs, funding remediation for students with summer school, after school, Saturday academies and addressing the increased dropout rate of African American males.

Director SanFilippo asked if salary analysis from the Big Five school districts was provided to support the exempt salary increases proposed by Superintendent Cash. Ms. Robe responded that a salary analysis was not provided by the District.

Chair Pro Tempore Floss thanked Mr. Pritchard for his attendance and hearing no further questions or comments advanced the agenda.

### **City of Buffalo (“City”) Items**

#### *Financial Statement Review for FYE June 30, 2021*

Principal Analyst Bryce Link began his presentation with the following overview:

- Total revenues reported were \$532.5M, an increase of \$48.9M as compared to FYE 2020 due to the following changes:
  - Operating revenues increased \$73.9M
    - Intergovernmental revenue increased \$87.6M
      - \$40.0M increase in ARPA funds
      - \$39.4M increase in New York State (“NYS”) Aid and Incentives to Municipalities (“AIM”)
      - \$11.2M in increased sales tax collections
      - \$3.0M net decrease in all other intergovernmental funds
    - Miscellaneous revenue decreased \$10.0M
      - Sale of land and buildings decreased \$5.7M
      - Miscellaneous other decreased \$5.2M
      - All other miscellaneous revenue net increase of \$0.9M
    - All other revenue sources net decrease of \$3.6M
  - Other financing sources decreased \$25.0M:
    - \$25.0M due to issuance of deficiency notes in FY 2020

- Total expenditures were \$517.7M, an increase of \$30.6M as compared to FYE 2020 based on the following changes:
  - Departmental expenditures decreased \$2.2M:
    - Public safety decreased \$1.7M (1.1%)
    - Culture and recreation decreased \$1.0M (10.9%)
    - General government support increased \$0.7M (1.2%)
    - No other significant fluctuations
  - General Charges increased \$32.5M:
    - Debt service increased \$25.8M
      - Increase for repayment of deficit notes principal \$25.0M
      - Increase for interest and fiscal charges \$0.8M
    - Fringe benefits increased \$6.7M (4.9%)
      - \$2.2M increase for pension contributions
      - \$1.8M for increased health insurance costs
      - \$1.7M increase for salary adjustment line
      - \$1.1M increase for duty disability
  - Interfund transfers out increased \$0.4M
    - \$0.4M increase for debt service

Principal Analyst Link noted the actual budget of \$532.5M exceeded the final budget of \$519.6M for the first time in since FY 2014-15.

Budget vs. actual revenues:

- Total favorable variance of \$13.0M consisting of revenues \$17.0M and other financing sources (\$4.0M)
  - Favorable budget revenue variance of \$17.0M:
    - \$37.5M favorable variance in intergovernmental revenue
    - \$9.8M unfavorable variance in miscellaneous revenue
    - \$7.0M unfavorable variance in fines
    - \$2.8M unfavorable variance in service charges
    - \$0.9M unfavorable variance in investment interest
    - \$0.9M unfavorable variance licenses and permits
    - Other financing sources unfavorable variance of (\$4.0M)

Individual line items with significant budget variances were identified and discussed.

Final budget General Fund total expenditures totaled \$526.4M as compared to budgetary actual of \$528.5M. The prior nine fiscal years budgetary actual expenditures were below final budgets.

Significant variance points between General Fund total budgeted expenditures compared to actuals were discussed within in the following categories:

- FYE 2020-21 unfavorable variance for budgeted appropriations of \$2.2M after reporting encumbrances:
  - \$25.8M unfavorable variance in debt service for the repayment of the deficit notes and corresponding interest costs
  - \$5.5M unfavorable variance in other for judgments and claims
  - \$13.6M favorable variance in fringe benefits; individual fluctuations discussed
  - \$0.6M unfavorable variance in fire department due to overtime
  - \$2.3M favorable variance in police department due to vacancies
  - \$13.8M favorable variance in all other departments due to vacancies and decrease in expenditures for supplies and services

Total fund balance levels between FY 2020 and FY 2021 were compared. Fund balance increased by \$14.8M on a year-to-year basis; from the prior year amount of \$89.5M to the CFYE amount of \$104.3M. Nonspendable/Restricted fund balance remained flat year-to-year. Assigned fund balance increased by \$4.1M year-to-year. Committed fund balance is subject to a purpose constraint imposed by Buffalo Common Council. Emergency Stabilization (“Rainy Day Fund”) totals \$40.7M and is equal to 30-days of prior fiscal year’s total general fund operating expenditures. The funds are intended for extraordinary operating or capital needs that could not be anticipated and cannot be funded with current budget resources.

Unassigned fund balance increased \$8.5M and this increase is significant in that it was the first time in the past three-years the City has had any unassigned fund balance.

The City’s other OPEB liability has decreased by 15.5% since its high point of \$1.6B in FY 2010. The liability at FYE 2021 is \$1.4B.

The Solid Waste and Recycling Fund operated at a loss between FY 2008 and FY 2018. Positive gains have been realized over the past three years which benefits the long-term receivable for the General Fund. It is expected that the Refuse Fund will continue to operate with an annual surplus and will continue to pay off the long-term receivable in the General Fund.

Interim Vice-Chair Jurasek asked for an update on Seneca Nation of Indians- New York State (“Tribal-State”) gaming compact revenues. Principal Analyst Link stated NYS is currently owed over \$400M and the City of Buffalo is owed approximately \$31.0M. The arbitration order is currently on pause, as the Office of the Inspector General reviews the current agreement.

Hearing no additional questions or comments Chair Pro Tempore Floss advanced the agenda.

#### *Review of City of Buffalo First Quarter Report*

Principal Analyst Link began his presentation. As of September 30, 2021, the City is expecting a fiscal year-end (“FYE”) surplus of \$8.0M. Expenditures are projected to be under budget by \$7.3M, or 1.4% of the adopted budget and revenues are estimated to be favorable by \$0.7M.

Total revenues projection is favorable by \$0.7M:

- \$5.8M projected favorable budget variance in intergovernmental revenue which is attributed to increased sales tax collections
- \$4.0M under budget in miscellaneous revenue due to the postponement of the in-rem foreclosure sale
- Other smaller projected variances were briefly discussed

Total expenditure projection is \$7.3M below adopted budget:

- \$3.0M total budgetary favorable variance in Departmental expenditures largely due to vacancies:
  - Fire Department projected to exceed adopted budget by \$1.1M due to overtime
  - Remaining departments projected to have favorable budget variances of \$4.1M:
    - Public Works - \$1.6M
    - Administration & Finance - \$0.5M
    - Human Resources - \$0.4M
    - All other departments - \$1.6M
- \$4.4M total budgetary projected favorable variance in General Charges largely attributed to a \$2.2M favorable variance in health insurance and \$1.0M in other fringe benefits.
- Transfers Out – no projected variance

As of September 30, 2021, the vacant positions were unfilled as indicated below:

- City employees: 315 vacancies, or 11.7% of the budgeted 2,697 FTEs
- Police: 75 vacancies, or 9.4% of the budgeted 798 FTEs
- Fire: 45 vacancies, or 6.1% of the budgeted 742 FTEs

Chair Pro Tempore Floss asked for clarification on the lack of decrease in police and fire overtime costs. Principal Analyst Link stated the number of positive COVID-19 cases and the time it takes for new classes to complete training effected staffing levels resulting in an inability to decrease overtime costs.

Interim Vice-Chair Jurasek asked Commissioner Estrich if the City has an informal hiring freeze in effect resulting in the 11.7% vacancy rate? Commissioner Estrich replied a hiring freeze is not in effect; however, retirements have increased, and some departments have been slow to fill positions.

#### *Summary & Recommendations*

- The BFSa recommends the City continue to monitor the financial impact from the COVID-19 pandemic and subsequent recovery.
  - It is early in the year and subsequent events could have a significant impact on the City's operations.
- The City is projecting a year-end surplus of \$8.0M.
  - This projection includes \$50.4M in ARPA funds and \$11.0M from the Tribal-State Compact revenue will be received by year-end.
  - The non-receipt of the casino revenue revises the projected surplus to a deficit of \$3.0M

Hearing no additional comments or questions Chair Pro Tempore Floss advanced the agenda.

### Capital Budget

#### *Review of Capital Budget and related 2022-2026 Capital Improvements Program*

Principal Analyst Link began his presentation stating the capital budget was adopted by Common Council on December 14, 2021 with changes in infrastructure spending. The capital budget totals \$34.0M with \$25.0M projects to be sold and \$9.0M in projects authorized but unissued.

Requested financing of \$25.0M is categorized as follows:

- City buildings \$7.3M, or 29%;
- Infrastructure \$5.5M, or 22%; each Council District will receive \$0.4M
- Vehicles and Safety Equipment \$4.6M, or 18%;
- Economic development and cultural \$1.9M, or 8%;
- Demolition and tree management \$1.4M, or 6%;
- Parks \$4.3M, or 17%

The Mayor's 2022 request of \$34.0M consists of \$25.0M in projects to be financed and \$9.0M in projects to be authorized but unissued. The Mayor's \$25.0M request of financing includes \$19.3M of 2021 approved projects and \$5.7M of previously authorized but unissued.

The City of Buffalo's Comptroller current year limit for financing is \$25.0M. Total amount remaining of authorized but unissued projects of \$14.7M prior to the 2021-22 Capital Budget.

- Estimated to be \$18.7M after bond sale
  - Approximately \$7.9M are provided for in the out-years of the Capital Improvements Program
    - Remaining balance of \$10.8M to be provided for beyond the current plan
  - There remains \$4.1M in budgeted and unauthorized projects

### Summary

- No projects are included for the District as the District is currently using savings from refundings of the Joint School Construction Board Debt. \$18.2M is remaining for capital projects
- Bonding for ongoing general operations include \$0.9M tree removal and planting \$0.5M demolitions. These routine operational projects limit the bonding capacity and currently represents 5.7% of the total proposed 2022 borrowing.
  - The BFSa recognizes the fiscal pressure such projects would place if funded on a pay-as-you-go basis
- The City has received an unprecedented amount of federal dollars and has tentatively earmarked \$141.0M of those funds for capital investments.

Principal Analyst Link then gave the floor to Executive Director Robe for recommendations and comments. Our first recommendation relates to future planning of the projects that have been authorized-but-not issued and are waiting to proceed. This amount grows by 21% over last year to a total of \$18.7 million. Only a portion of this amount (\$7.8 million) is included over the following four years of the capital plan, and it's unclear when or how these projects will be financed or funded, or what the timing of the projects will be. We recommend the capital plan consider all authorized but unissued projects, and this may require looking past the five-years that are included in the capital plan. Recognizing the limited capacity to borrow under the cap, we continue to advise the City to eliminate ongoing operating expenses gradually from the capital borrowing process. The City was awarded substantial funding for infrastructure projects through ARPA. The City's spending plan for this funding has not yet been solidified and the City Administration has indicated this will occur in January. In recognition of the ongoing development of this spending and recovery plan, we recommend the capital planning process be carefully conducted in consideration of the additional funding to identify areas where capacity can be enhanced and allowing the City to further expand its capital investments.

Interim Vice-Chair Jurasek asked if the ARPA funds earmarked for water and sewer infrastructure repairs are possible to achieve under the time constraints. Principal Analyst Link replied the water and sewer projects are smaller projects and not larger time-consuming projects, such as a wastewater treatment plant. The projects identified are part of the City's public health investment combating lead pipes and other water/sewer pipe deficiencies. Commissioner Estrich confirmed this.

Chair Pro Tempore Floss advanced the agenda.

#### **Buffalo Urban Renewal Agency ("BURA")**

##### *First Quarter Review*

Chair Pro Tempore Floss asked for a motion to receive and file the BFSa report and BURA staffing information as provided.

Mayor Brown (proxy Estrich) made the motion as requested.

Interim Vice-Chair Jurasek seconded the motion.

The board voted 5 to 0 to approve.

#### **Buffalo Municipal Housing Authority ("BMHA")**

##### *First Quarter Review*

Chair Pro Tempore Floss asked for a motion to receive and file the BFSa analysis as submitted.

Director SanFilippo made the motion as requested.

Interim Vice-Chair Jurasek seconded the motion.

Director SanFilippo asked if BMHA has a relationship with New York State Department of Homes and Community Renewal. Senior Analyst Miller will research and get back to the Board.

The Board voted 5 to 0 for approval.

### **New Business**

Chair Pro Tempore Floss asked if there were any additional items to discuss.

Interim Vice-Chair Jurasek asked for the BFSA to request supporting documentation from the District regarding the salary increases proposed by Superintendent Cash. Ms. Robe replied the request will be made.

### **Privilege of the Floor**

Chair Pro Tempore Floss noted no members of the public were present for comment and asked for a motion to adjourn.

### **Adjournment**

Interim Vice-Chair Jurasek made a motion to adjourn.

The Board adjourned by consensus at 4:03 PM.